



BENEFIT DURATION FORMULA

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Benefit Duration

- Duration provisions vary greatly among the states
- Variable vs. Fixed Duration
- Variable duration is used to reward attachment to workforce; usually measured as a percentage of Base Period wages
- Sliding Scale based on Unemployment Rate
- NC has a variable benefit duration with a sliding scale



Current Benefit Duration Determination

- DES calculates the benefit duration based on a formula.
- Claimant is eligible for the lesser of the formula result or the maximum number of weeks prescribed in the sliding scale chart.

Sliding Scale Benefit Duration

Seasonal Adjusted

Unemployment Rate

Number of Weeks

- Less than or equal to 5.5% 5 - 12
- Greater than 5.5% up to 6% 6 - 13
- **Greater than 6% up to 6.5% 7 - 14**
- Greater than 6.5% up to 7% 8 - 15
- Greater than 7% up to 7.5% 9 - 16
- Greater than 7.5% up to 8% 10 - 17
- Greater than 8% up to 8.5% 11 - 18
- **Greater than 8.5% up to 9% 12 - 19**
- Greater than 9% 13 - 20

Formula Limitation

- Formula does not result in weeks less than 17.
- Effectively, the variable range is currently 17-19 weeks.
- Beginning in July 2014, the maximum duration is projected to be 14 weeks.
- Since the formula does not result in less than 17 weeks, all claimant will be eligible for the maximum 14 weeks.

Proposed Simplification

Seasonal Adjusted Unemployment Rate

Number of Weeks

- Less than or equal to 5.5% 12
- Greater than 5.5% up to 6% 13
- Greater than 6% up to 6.5% 14
- Greater than 6.5% up to 7% 15
- Greater than 7% up to 7.5% 16
- Greater than 7.5% up to 8% 17
- Greater than 8% up to 8.5% 18
- Greater than 8.5% up to 9% 19
- Greater than 9% 20

Summary

- No Impact on Debt Reduction
- Simplification of Statutes
- No Administration Costs for Computer Reprogramming

Existing Formula

- Base Period Wages/Average Wages of 2 most recent quarters * 8.67
- Weekly Benefit Amount is based on wages over the two most recent quarters.
- Prior to HB 4, the Weekly Benefit Amount was based on high quarter wages.

Example #1

- Claimant earned \$20,000 evenly throughout the Base Period
- $\$20,000 / \$5,000 * 8.67 = 35$ weeks
- 35 weeks exceeds the current maximum of 19 weeks, so the claimant is eligible for 19 weeks.

Example #2

- Claimant earned \$20,000 mostly in the 2 most recent quarters.
- $\$20,000 / \$10,000 * 8.67 = 17$ weeks
- 17 weeks is less than the current maximum of 19 weeks, so the claimant is eligible for 17 weeks.